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The AGRICULTURAL OUTLOOK DIGEST

BUREAU OF AGRICULTURAL ECONOMICS, U. S. D. A.

WASHINGTON, D. C.



MAY 1948

Food will become seasonally more plentiful as the new crops are harvested but total supplies will be slightly below a year ago with retail prices averaging higher.

Smaller supplies of meat, turkey, most manufactured dairy products, summer oranges and fats and oils other than lard will account for the decline in total supplies from 1947. Supplies of most other foods will be about the same.

Low point in meat supplies for 1948 probably will be reached in July-September. Consumers are expected to eat around 33 pounds per person, 2 to 3 pounds less than a year earlier. Consumption will continue below last year in October-December.

Farmers are raising about a fifth fewer turkeys this year than last. Crop this year is only about 5 percent above the late 1930's.

California Valencia crop, which will provide nearly all the summer oranges, will be about one-fifth smaller than last year.

Supplies of edible vegetable oils are expected to continue tight until 1948 oilseed crops are crushed. Creamery butter production is running about 20 percent below a year ago.

Retail food prices in the next few months are likely to fall seasonally but will stay above 1947. Retail prices of food and non-food products are averaging close to the January record.

Wholesale prices in early May, according to the BLS index, were about 2 percent below the January record. Prospects for wage increases and additional defense expenditures indicate that prices of industrial goods will continue their steady advance.

Prices received by farmers in mid-May averaged 289 percent of the 1909-14 average, down less than 1 percent from April. Twenty-three percent drop in truck crops, mostly seasonal, was largest decline. Most other commodity groups were off moderately.

The index of prices paid by farmers including interest and taxes in mid-May was 250, nearly up to the January record. This dropped the parity ratio 1 point below April figure of 117. This is lowest for any month since November 1942 except February.

The domestic economy continues in high gear. Industrial production dipped in April due to reduced activity in steel, coal and some soft goods industries but the index was only 7 points below the peacetime high of February. Civilian employment was up a million to 58.3 millions in April. Only 2.2 million persons were out of work.

Partly because of income tax reductions, consumers have more money to spend than ever before.

Wages are being discussed in several basic industries, particularly steel, automobiles and electrical equipment. Outcome is likely to set "wage pattern" for the year as it did in both 1946 and 1947. Recent General Motors settlement provides an increase of 11 cents per hour. If widely adopted, increase in salaries and wages this year would be smaller than last.

Farmers sold about 10.4 billion dollars worth of crops and livestock in the first 5 months of 1948, slightly more than last year. Marketings were down but prices were higher.

Consumers owed about 13.4 billion dollars at the end of March, about 3 billions more than a year earlier. Increase in debts resulted mainly from purchases of automobiles and other installment loans.

The value of exports of farm products in the first quarter of 1948 were 13 percent below the 1947 quarterly average. Of the total, food exports were 653 million dollars, cotton 122 millions, tobacco 40 millions and other non-foods 44 millions.

Total U. S. exports also were down but dollar value was only 8 percent below 1947 quarterly average.

LIVESTOCK PRODUCTS Difference between farmers' prices for livestock and meat prices has been narrowing, as struck plants have resumed operations.

In early May, wholesale lamb prices were a record, beef at or near a record, but pork was well below the peak. However, prices farmers were getting for their livestock were low compared to wholesale meat prices. Differences were due to fact that strike in packinghouses reduced demand for slaughter stock but strengthened meat prices by cutting down supply.

Following sharp drop in egg prices, USDA announced a support program in early May. At mid-month, farmers received an average of 41.5 cents a dozen, 90 percent of parity. Egg prices are likely to continue near support levels.

Mid-May prices for milk and butterfat averaged the highest in history for the month. Milk was 24 percent and butterfat 32 percent above 1947. They are likely to continue above last year through the third quarter.

Milk production in the last half of the year will be somewhat below the same six months of 1947. With fluid milk and cream consumption holding up, less will go into manufactured dairy products.

FATS AND OILS Fats and oils prices differed widely in mid-May. Cottonseed, corn and peanut oils were around 35 cents a pound; soybean oil was about 26 cents; lard about 20 cents.

Differences probably will narrow this summer. Output of cottonseed will rise; supplies of lard and grease will be down seasonally. Lower-priced fats will be substituted for more expensive ones.

GRAINS Prospects for 1948 crops will set the course of feed grain prices in the next several months. Progress this spring has been satisfactory in most sections of the country. If weather continues favorable, prices of oats and barley will fall at least as much as usual this summer; corn prices next fall may drop more than seasonally.

Export quotas for wheat--now totaling 480 million bushels--have largely been filled. Government has purchased 374 million bushels, its entire quota, but commercial firms still need to buy some wheat to fill export commitments.

FRUITS AND VEGETABLES The California Valencia orange crop is expected to be down a fifth from last year and the lemon crop about a tenth. The peach crop in the 10 early Southern States is estimated to be a third smaller. The apricot crop is expected to be much larger than last year. Fruit prices this summer probably will average about as high as a year earlier.

Farmers' prices for fresh vegetables have fallen more than seasonally. Average is about the same as a year earlier. Acreage for 5 summer crops for which estimates have been made is about 9 percent below last year.

Large price support purchases of potatoes may be necessary in June and July to hold prices at support levels. The commercial early crop in California is about one-fifth larger than last year.

Sweetpotatoes will be hard to get in northern markets from now until late July and early August when the new crop will begin to move.

COTTON AND WOOL Mills consumed 830,000 bales of cotton in April, bringing total for first 9 months of season to 7,131,000 bales. Last year, 7,810,000 bales were consumed in same period.

Exports for the first 7 months of the marketing year totaled 1,326,000 bales compared with 2,634,000 in the same period of 1946-47.

Reports from areas where shearing is under way indicate that dealers are paying above CCC prices for average and good combing fine and one-half blood wools. As a result, most of these wools will be marketed outside CCC program this year.

TOBACCO Prices of Maryland tobacco averaged 43.1 cents a pound during the first three weeks of auctions. Last year the season average was 44.7 cents. Crop now being marketed is estimated to be 17 percent smaller than last year but because of increased stocks, total supplies are a little larger.

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